



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
INSTALLATIONS AND ENVIRONMENT  
110 ARMY PENTAGON  
WASHINGTON DC 20310-0110



REPLY TO  
ATTENTION OF

December 3, 2003

Honorable Duncan Hunter, Chairman  
Committee on Armed Services  
United States House of Representatives  
2265 Rayburn House Office Building  
Washington, D.C. 20515-0001

Dear Mr. Chairman:

Pursuant to the provisions in the Conference Report of the Committee of Conference accompanying the Military Construction Appropriations for Fiscal Year 2004 (House Report 108-342), this letter notifies you that the Army intends to award a contract to develop a Community Development and Management Plan (CDMP) for the privatization of military family housing at Fort Sam Houston, Texas. The Army will award the contract no sooner than 30 days after the date of this notification. An Information Paper summarizing the intended project is enclosed.

The developer, selected under a Request for Qualifications (RFQ) process, will work closely with the Army to prepare the CDMP for Fort Sam Houston. This plan will be fully coordinated with the Office of the Deputy Under Secretary of Defense for Installations and Environment (DUSD(I&E)) during its development. Once the plan is completed and approved, the Army will notify Congress that it intends to authorize the developer to implement the CDMP. The Army will not authorize the developer to proceed with implementation of the CDMP until Congress has at least 45 days to review the terms of the CDMP.

The DUSD(I&E) concurs with this notification. We would be pleased to provide you with any additional information you may need. This letter has been sent to the House and Senate Armed Services and Appropriations Committees, as well as the appropriate subcommittees of jurisdiction.

Sincerely,

William A. Armbruster  
Deputy Assistant Secretary of the Army  
Privatization and Partnerships

Enclosure

cc: Honorable Ike Skelton, Ranking Member



## INFORMATION PAPER

### SUBJECT: FORT SAM HOUSTON RESIDENTIAL COMMUNITIES INITIATIVE (RCI)

The Army conducted a full and open competition for three RCI projects in the Midwest region of the United States using a Two-Step Request for Qualifications (RFQ) solicitation process. On March 19, 2003, the Army issued an RFQ (Step One) for three housing privatization projects: (1) Fort Leonard Wood, Missouri, (2) Fort Sam Houston, Texas, and (3) Fort Bliss, Texas. On June 2, 2003, the solicitation period ended and the Army began the evaluation of responses to down-select to a competitive range of highly qualified bidders. Offerors advancing to the competitive range (Step Two) subsequently compete for award of the individual installations. For each specific installation, the selected developer (contractor), having been duly qualified as the best value for the Government to revitalize family housing, may be permitted to undertake a variety of other residential housing projects such as barracks or bachelor officer quarters. The Army will soon begin the process of reviewing Step Two responses for the Fort Sam Houston project and intends to award a contract to a developer to prepare, jointly with the Army, a Community Development and Management Plan (CDMP) no sooner than 30 days after this notification to Congress. The CDMP will define all aspects of the project to include construction, revitalization, and operation of the units. The Army estimates that this planning process will take approximately six months. Upon approval by the Army and OSD, the Army will provide the CDMP to Congress for review 45 days prior to taking any action to authorize its implementation.

Currently, the project has 925 government-owned family housing units. 386 of these units are considered historic. The current Housing Market Analysis indicates a housing deficit of 408 units at this installation. Offerors will be asked to address this deficit, within economic constraints of the project.

- The developer will be expected to assume responsibility for the installation's 925 family housing units, and will be provided a long-term interest in the underlying land. The renovation or construction will be completed during the first ten years of the project. Throughout the fifty-year lease period, the selected entity will operate and maintain all the housing.